



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

May 30, 2001

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: Monitoring of Department of Mental Health Service Providers

The Department of Mental Health (DMH) requested monitoring of their mental health service providers for Fiscal Year 1999-2000. We contracted with M. R. Grant, Certified Public Accountants, to do the monitoring. M. R. Grant also performed the monitoring for the previous four fiscal years.

DMH organizes and administers public mental health services in the County, either directly or through contracts with other County departments and private agencies. DMH service providers are subvented with State and federal funds, which must be used in accordance with applicable laws, regulations, policies and procedures of the funding sources. M. R. Grant reviewed the providers' compliance with State and federal guidelines.

M. R. Grant has completed their monitoring services and has reported separately the findings of the monitoring activities for each of the 90 service providers selected for review (see Attachment A). Some of these providers have the same parent legal entity name. M. R. Grant monitored 49 parent legal entities for Fiscal Year 1999-2000. A brief analysis of M. R. Grant findings by type is shown in Attachment B.

All reports were discussed with representatives of DMH and the appropriate service provider. DMH has requested a written corrective action plan from the service providers that had findings and has initiated collection procedures for identified over-billings of \$232,055. Collection procedures for an additional \$495,321 in over-billings at the Los Angeles County + University of Southern California Medical Center are under review by DMH, and a more comprehensive review of billing activity at the Medical Center is

currently being performed by my office. We recommend that DMH follow-up to ensure all corrective action plans are received and verify that corrective actions are taken.

Due to the large number of provider reports, copies of the individual reports are not enclosed. If you desire to review any of the reports, please let us know and we will provide them.

JTM:PTM:IDC

Attachments

- c: David E. Janssen, Chief Administrative Officer
- Marvin J. Southard, D.S.W., Director, Department of Mental Health
- Gurubanda Singh Khalsa, Finance Specialist, Department of Mental Health
- Audit Committee (6)

**Department of Mental Health
Schedule of Mental Health Services Providers
Revenue and Going Concern Monitoring by Contract**

Fiscal Year 1999-2000

| | <u>Reported Over-Billings</u> | <u>Material Findings (A)</u> |
|--|--|---|
| 1. Beverlywood Mental Health Center | \$1,085.10 | (3) |
| 2. Asian Rehabilitation Services | 57.66 | (1) |
| 3. Aspen Health Services | 1,574.20 | (3) |
| 4. ALMA Family Services | 1,480.75 | (3) |
| 5. Behavioral Science Mental Health Center | 932.33 | (3)(5)(6) |
| 6. Braswell Enterprises #0058 | 14,243.19 | (1)(3) |
| 7. Braswell Enterprises #0061 | | |
| 8. Cedars-Sinai Medical Center | 891.91 | (1)(3) |
| 9. Center for Healthy Aging | 1,575.14 | (3)(7) |
| 10. Charter Behavioral Health System | | |
| 11. Children's Hospital of Los Angeles | 2,976.86 | (1)(3) |
| 12. Community Care Center | 241.80 | (1) |
| 13. Community Counseling Services #6871 | 1,462.00 | (3) |
| 14. Community Counseling Services #7104 | 489.68 | |
| 15. Community Family Guidance Center #1977 | 1,472.00 | (3) |
| 16. Community Family Guidance Center #7246 | 192.00 | (1)(3) |
| 17. Harbor/UCLA Medical Center | 17,403.73 | (3) |
| 18. Los Angeles County + USC Medical Center | (B) | (1)(3)(4)(11) |
| 19. Martin Luther King Medical Center | 4,790.85 | (3) |
| 20. Olive View Medical Center | 39,490.55 | |
| 21. Didi Hirsch Community Mental Health Ctr. #1973 | 2,792.43 | (3) |
| 22. Didi Hirsch Community Mental Health Ctr. #1978 | 1,178.53 | (3) |
| 23. Didi Hirsch Community Mental Health Ctr. #6867 | | |
| 24. Didi Hirsch Community Mental Health Ctr. #7046 | | |
| 25. Didi Hirsch Community Mental Health Ctr. #7110 | | |
| 26. Didi Hirsch Community Mental Health Ctr. #7165 | | |

(A) The types of findings are described in Attachment B according to their reference number.

(B) LAC+USC challenged M.R. Grant's disallowed costs. The Department of the Auditor-Controller (A-C) performed a limited, follow-up review of the contract auditor's findings and questioned \$495,321 in billings processed by LAC+USC through DMH's Management Information System. A more comprehensive review by the A-C of current billing activity is in process.

| | <u>Reported Over-Billings</u> | <u>Material Findings (A)</u> |
|--|--|---|
| 27. Didi Hirsch Community Mental Health Ctr. #7209 | \$227.39 | (3) |
| 28. Didi Hirsch Community Mental Health Ctr. #7334 | | |
| 29. Dubnoff Center | 1,101.00 | (3) |
| 30. El Centro de Amistad | 4,657.37 | (1)(3) |
| 31. ENKI Health & Research Systems #7173 | 5,972.43 | (3) |
| 32. ENKI Health & Research Systems #7253 | 295.79 | |
| 33. ENKI Health & Research Systems #7254 | | |
| 34. ENKI Health & Research Systems #7255 | | |
| 35. ENKI Health & Research Systems #7258 | | |
| 36. Exodus Recovery #7248 | 1,667.52 | (3) |
| 37. Exodus Recovery #7294 | | |
| 38. Fuller Theological Seminary: GeoNet | 496.16 | |
| 39. Fuller Theological Seminary: I-CAN | | |
| 40. Hathaway Children Family Services #7006 | 6,044.48 | (3) |
| 41. Hathaway Children Family Services #7278 | 3,882.53 | (3) |
| 42. Healthview | | |
| 43. Hillview Mental Health Center #7068 | 9,625.42 | (3) |
| 44. Hillview Mental Health Center #6758 | 300.00 | (3) |
| 45. Hillview Mental Health Center #6856 | | (1) |
| 46. Homes For Life Foundation | 27.60 | (8)(9) |
| 47. Almasor Educational Center | 4,765.05 | (3) |
| 48. Intercommunity Child Guidance Clinic | 1,915.70 | (3) |
| 49. Kedren Community Health Center | 6,328.98 | (3)(10) |
| 50. Korean Youth and Community Center | 496.45 | (1)(3) |
| 51. Los Angeles Child Guidance Clinic #6870 | 5,117.58 | (3) |
| 52. Los Angeles Child Guidance Clinic #7265 | 124.79 | (3) |
| 53. Los Angeles Child Guidance Clinic #7276 | 257.35 | |
| 54. Los Angeles Men's Place #7134 | | |
| 55. Los Angeles Men's Place #7202 | | |
| 56. The National Foundation | 895.95 | |
| 57. Pacific Clinics #1974 | 1,150.64 | (3) |
| 58. Pacific Clinics #1979 | | |
| 59. Pacific Clinics #7101 | | |
| 60. Pacific Clinics #7194 | 1,096.93 | (3) |
| 61. Pacific Clinics #7197 | 1,596.43 | (1)(3) |
| 62. Pacific Clinics #7198 | | |
| 63. Pacific Clinics #7224 | | |

(A) The types of findings are described in Attachment B according to their reference number.

| | <u>Reported Over-Billings</u> | <u>Material Findings (A)</u> |
|--|--|---|
| 64. Pacific Clinics #7227 | | |
| 65. Pacific Clinics #7251 | \$167.92 | (3) |
| 66. Pacific Clinics #7284 | | |
| 67. Pasadena Children's Training Society #7155 | | |
| 68. Pasadena Children's Training Society #7296 | 182.15 | |
| 69. Pasadena Children's Training Society #7307 | | |
| 70. Saint John's Health Center #7169 | 3,023.25 | (1)(3) |
| 71. Saint John's Health Center #6773 | 1,094.31 | (1)(3) |
| 72. Saint John's Health Center #6792 | | (1)(4) |
| 73. San Gabriel Valley Convalescent Hospital | 2,720.00 | (1)(12) |
| 74. Shields for Families Project | 5,349.65 | (3) |
| 75. South Bay Children's Health Center #1969 | 308.00 | (3) |
| 76. South Bay Children's Health Center #7220 | 80.80 | |
| 77. Step Up on Second Street #7099 | 6,004.59 | (3) |
| 78. Step Up on Second Street #7228 | | |
| 79. Stirling Academy | 3,503.00 | (1)(3) |
| 80. Telecare Corporation #0056 | 3,281.42 | |
| 81. Telecare Corporation #0057 | | |
| 82. Telecare Corporation #7277 | 37,496.23 | (3) |
| 83. Topanga West Guest Home | 180.30 | (13) |
| 84. Travelers Aid #7105 | | |
| 85. Travelers Aid #7122 | | |
| 86. United Cambodian Community | | (2) |
| 87. Verdugo Mental Health Center #1971 | 1,993.95 | (3) |
| 88. Verdugo Mental Health Center #7193 | 1,560.00 | (1)(3) |
| 89. Vista Del Mar Child and Family Services | 2,189.00 | (1)(3) |
| 90. Watts Labor Community Action Committee | 10,546.30 | (1)(3) |
| | | |
| Total | <u>\$232,055.12</u> | |

(A) The types of findings are described in Attachment B according to their reference number.

Analysis of M. R. Grant Findings
Fiscal Year 1999-2000

All Providers Classified by Four Key Areas of Focus

| <u>Focus of Test</u> | <u>Test Error Rates</u> | | | | | <u>Total</u> |
|---|--------------------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | <u>0%</u> | <u>1%-20%</u> | <u>21%-40%</u> | <u>41%-60%</u> | <u>>60%</u> | |
| (1) PFI Form Problems | 46 | 31 | 6 | 2 | 5 | 90 |
| (2) Timesheet does not Match COSF | 88 | 2 | 0 | 0 | 0 | 90 |
| (3) MIS Units Do Not Match Client Files | 29 | 38 | 20 | 2 | 1 | 90 |
| (4) Client Face Sheet Problems | 76 | 13 | 0 | 0 | 1 | 90 |

- (1) Patient Financial Information (PFI) forms are required documents that providers must complete annually for every client receiving service. The first line in the schedule above indicates that forty-six out of ninety providers had no findings related to PFI forms. Thirty-one had error rates less than twenty-one percent.
- (2) The Community Outreach Service Form (COSF) identifies how much time was spent with each of the community outreach programs. The billing accuracy of the community outreach programs is determined in part by matching the timesheet to the COSF.
- (3) "MIS Units Do Not Match Client Files" refers to units of service billed to the County through the Department of Mental Health's (DMH) Management Information System (MIS) that are not supported by appropriate documentation in the client files.
- (4) Client Face Sheets are required documents that are used to open a case file on the MIS.

Findings Specific to a Particular Provider

- (5) Behavioral Science Mental Health Center (MHC) was billing the County for services not provided by clinicians. The auditor found five instances involving progress notes signed by staff instead of clinicians.
- (6) The auditor reviewed Behavioral Science's general ledger and financial statements for the year ending June 30, 1999 and noted that there were only five of ten programs in operation and expenses were in excess of their revenues. In addition, the auditor determined that County funds were being co-mingled with funds from other funding sources.
- (7) The provider did not report Medicare revenues as an offset to gross Short-Doyle/Medicare Claims for reimbursement.
- (8) The auditor visited one of the provider's residential facilities and was unable to verify the number of clients receiving services at that location.
- (9) The auditor was unable to test financial information and verify actual units of service provided for two of six clients represented as receiving services at a residential facility.
- (10) The financial statements for the year ended June 30, 1999 were not completed as of the end of fieldwork. Therefore, the auditor could not test the Cost Report and financial data related to going concern.
- (11) The Los Angeles County + University of Southern California Medical Center's clinical and financial files were not organized in a manner that would facilitate the timely retrieval of files for testing.
- (12) The agency's Chief Financial Officer (CFO), a Certified Public Accountant (CPA) licensed by the State of Michigan, compiled the provider's financial statements. The CFO is not an independent party.
- (13) The person responsible for entering cash receipts in books of original entry was also responsible for opening mail and listing cash receipts.